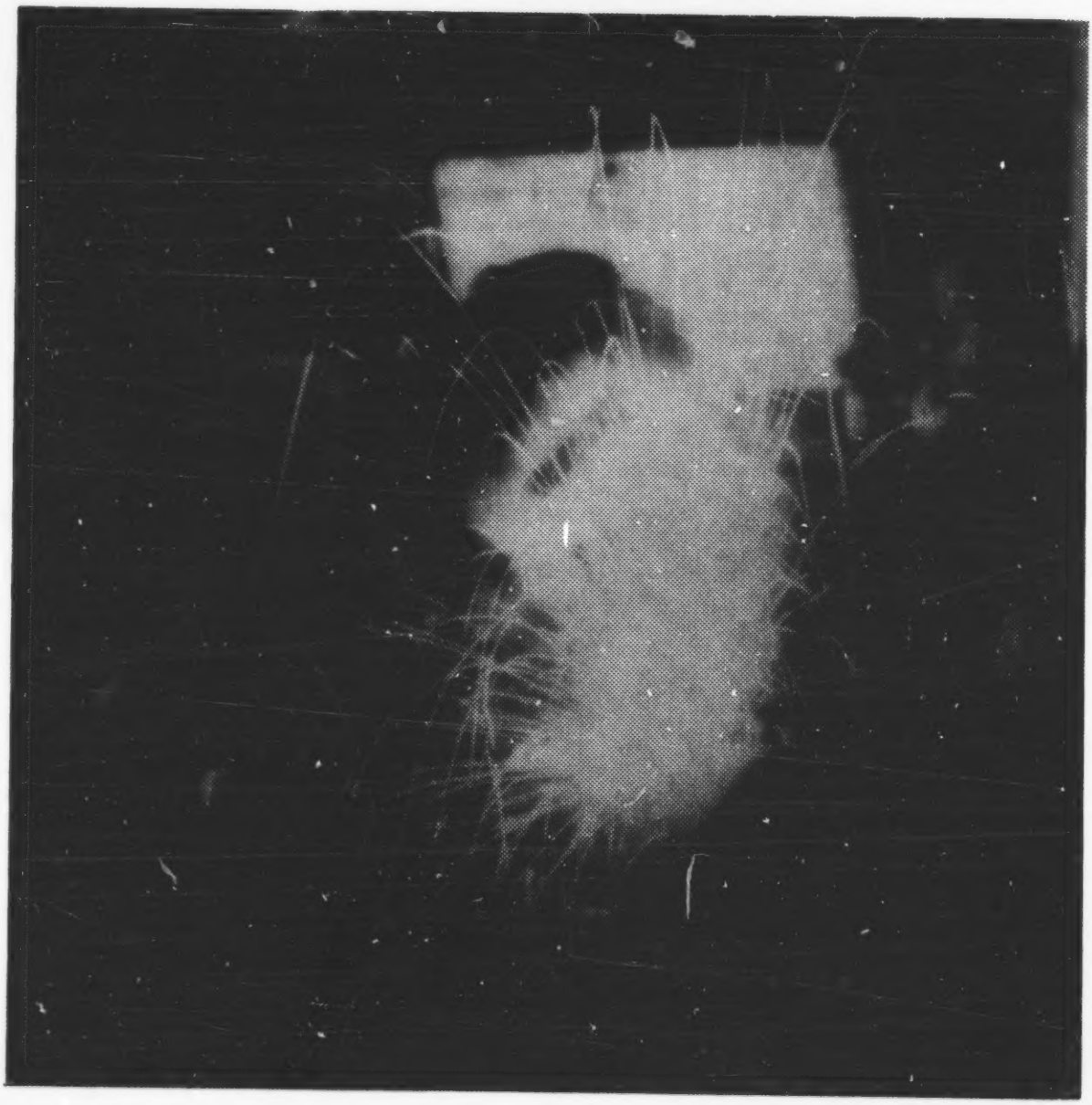
BC

MINISTRY OF INDUSTRY AND SMALL BUSINESS DEVELOPMENT

ANNUAL REPORT 1984-85

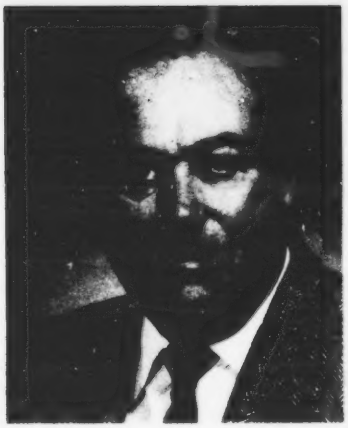


85-5630/

To the Honourable
ROBERT McCLELLAND,
Minister of Industry and
Small Business Development,
Victoria, British Columbia

SIR:
I have the honour to submit herewith the Report of the Ministry of Industry and Small Business Development for the fiscal year ended March 31, 1985.

A. L. PEEL
Deputy Minister
Ministry of Industry and
Small Business Development



To the Honourable
R. G. ROGERS,
Lieutenant-Governor
of British Columbia

MAY IT PLEASE YOUR HONOUR:
I beg to submit the Report of the Ministry of Industry and Small Business Development for the fiscal year ended March 31, 1985.

ROBERT McCLELLAND
Minister of Industry and
Small Business Development

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MINISTRY OVERVIEW

The Ministry's overall objective is to encourage balanced economic growth in all regions of the province through development and implementation of industrial, economic, socio-economic and trade policies.

Ministry operations were conducted by three operating divisions. Trade and Industry, Small Business and Regional Industrial Development, and Economics and Statistics were each headed by an assistant deputy minister, while administrative matters were the responsibility of a fourth division headed by a director. Overall management and direction is provided by the Deputy Minister.

At the end of fiscal 1984/85 the majority of the Trade and Industry Division was separated from the rest of the Ministry to create the new Ministry of International Trade and Investment.

TRADE AND INDUSTRY DIVISION

OBJECTIVES

The Trade and Industry Division pursued four major objectives: to expand and diversify the Province's existing industrial and commercial base; to increase the production and export of British Columbia goods and services; to attract new investment to the Province; and to develop trade policy and trade promotion strategies for the Province.

ACHIEVEMENTS

During 1984, the Division undertook an aggressive program in pursuit of these objectives. Division personnel assisted over 400 companies and business associations through Ministry assistance programs. Another 7,000 companies were provided with information or advice. This led to direct sales of $9.0 million and $140 million in projected sales that should provide over 2,500 man-years of employment. Division personnel facilitated over 500 entrepreneurial immigration proposals that will generate approximately $90 million in new investment. In addition, through promotional activity and investment support by the Division, a further $350 million was committed to new business investments. The total of all investments is expected to result in more than 4,500 man-years of employment.

BUSINESS DEVELOPMENT BRANCH

The overall objective of the Business Development Branch is to identify and encourage beneficial foreign investment in British Columbia, in the form of direct corporate or entrepreneurial investment, joint venture or licensing, and technology transfer.

In cooperation with staff from the Small Business and Regional Industrial Development Division, investment seminars were held in South East Asia (Hong Kong, Singapore and Kuala Lumpur), in Japan, and in California. Emphasis was on automotive parts manufacturing, resource processing, mariculture, advanced technology and business immigration. Over 600 people attended the seminars, with a significant number requesting further detailed information and discussion. These seminars will be continued by the Ministry of International Trade and Investment in cooperation with the Ministry of Industry and Small Business Development.

B.C. House - London, operating within the Business Development Branch, represents the Province's economic development interests in Western Europe. In 1984/85 staff coordinated trade missions and visits from British Columbia, conducted reconnaissance missions to promising market areas, and attended trade shows and trade fairs where B.C. companies and products were involved.

TRADE DEVELOPMENT BRANCH

Market specialists from the branch were responsible for coordinating or conducting 70 initiatives under the trade mission program. Over 400 companies were supported in their efforts to sell B.C. goods and services abroad. Some of the major missions included the following:

ACTIVITY	PURPOSE
Economic Mission to Sweden, Finland, Norway — Minister Phillips April, 1984	- further processing of forest products - coal, mariculture development - offshore oil exploration
Economic Cooperation visit to China — Premier Bennett May, 1984	- economic cooperation particularly in forest products industry
Industrial Building Products Mission to Alaska — Officials June, 1984	- sale of products such as pre-fabricated buildings, garage doors, valves and fittings
High technology mission to California — Officials January, 1985	- 8 B.C. companies joined 77 other companies from across Canada to promote electronic and other products to aerospace contractors
Economic mission to Germany, Denmark, Sweden, England and Ireland — Minister Phillips October-November, 1984	- wood products processing - investment promotion - coal sales - review of special enterprise zones
Energy Mission to S.E. Asia, Minister Rogers February, 1985	- develop opportunities for greater participation by B.C. firms in development of S.E. Asia's mining industry

Results of this year's and previous year's trade missions include growing acceptance of 2 x 4 timberframe construction in Japan and Western Europe, increased sales of pulp and paper including sale of telephone book paper to Nippon Telephone and Telegraph of Japan, substantial increase in exports of B.C. fish and food products to Japan, other Pacific markets and Europe, and increased furniture sales to IKEA and a potential for similar sales to similar large European companies.

INDUSTRY BRANCH

The Industry Branch works closely with the existing manufacturing and processing companies in the Province. In 1984/85 sector officers met with more than 2,000 companies to provide advice and assistance. Branch staff are active in efforts to diversify existing industry activity and develop domestic marketing potential. Staff have close interaction with the Province's high technology companies and encourage new activity in this sector. The Branch also administered the Ministry's export marketing and technical assistance programs which supported more than 400 companies in 1984.

In 1985-86 the Industry Branch will be part of the Small Business and Regional Industrial Development Division of this Ministry.

INTERNATIONAL ECONOMIC RELATIONS BRANCH

This trade and policy analysis group is responsible for developing British Columbia's international trade policy. The branch works closely with their counterparts in other provinces and in the federal government. Staff also provide assistance to companies seeking information related to Canadian and foreign tariff and non-tariff matters.

In 1984 the branch examined the implications for the B.C. Liquor Distribution branch's pricing policy of the European Economic Community's complaints concerning tariff and tax treatment of alcoholic beverages by the provinces.

Staff regularly prepared briefing notes for Ministers for trade missions to foreign countries as well as preparing national papers for First Ministers' Conference on Market Access, Export Strategy.

Other regular activities included reviewing and commenting on federal and provincial trade policy papers, close monitoring of the states of the various protectionist measures proposed by various U.S. legislators, and collection of statistical data on exports.

SMALL BUSINESS AND REGIONAL INDUSTRIAL DEVELOPMENT

OBJECTIVES

The Division's overall objectives are to encourage and facilitate the expansion and diversification of the Province's industrial base, to help improve and promote a positive investment climate, and to support the development and increased viability of independently-owned businesses. The Division achieves this by designing, coordinating and implementing a variety of programs, services and projects that support private sector investment and business initiatives.

ACTIVITY HIGHLIGHTS

As the focal point in the Province for negotiations of various federal-provincial and industry-government initiatives, the Small Business and Regional Industrial Development Division played an active role in the successful negotiations for the new ten-year Economic and Regional Development Agreement (ERDA) which was signed November 23, 1984. This new agreement effectively replaces the General Development Agreement (GDA) which expired March 31, 1984. Management and administration of programs under the now-expired GDA will continue until all projects are completed and loans are retired or forgiven.

Like the GDA, the ERDA is an enabling agreement that will facilitate cooperation and coordination between the two levels of government by providing a framework by which sector-specific and project-specific subsidiary agreements can be developed and negotiated.

In conjunction with representatives from the Trade and Industry Division (now the Ministry of International Trade and Investment) division staff participated in two offshore investment missions to Japan and to South East Asia. In Japan meetings were held with automotive companies and their suppliers, while the S.E. Asia seminars were more broadly based, and were aimed at general business investment.

Other activities included design and development of new economic recovery initiatives, participation in an Industrial Development Association of Canada seminar, and participation in Pacific Northwest Regional Economic conference held in Olympia, Washington.

In conjunction with the British Columbia Development Corporation, the division developed a financial package to help finance the construction of Moli Energy's revolutionary Molicel battery plant in Maple Ridge.

POLICY AND PROGRAM COORDINATION BRANCH

OBJECTIVE

The Policy and Program Coordination Branch is responsible for the design, development and coordination of provincial, federal-provincial and industry-government economic development programs, for conducting financial and economic analyses of major capital projects to determine possible levels of Provincial support, and for the development of specific policy program initiatives or financing arrangements in response to these needs.

ACTIVITIES

During the past year, the branch has been involved in coordinating the negotiations of subsidiary agreements under the new ERDA that will involve the further development of the industrial, tourism, agriculture, mining and forest sectors. As well, the branch participated in the administration of the Intensive Forest Management and Agriculture and Rural Development Subsidiary Agreements and the Special Rural Development Agreement.

The branch was also responsible for the coordination of provincial financial participation in the Cooperative Overseas Market Development Program. This tripartite program is funded by the Ministry of Industry and Small Business Development, the federal Department of Regional Industrial Expansion and the Council of Forest Industries of British Columbia. Aimed at increasing export opportunities for specific forestry products, this program is a successful example of coordination and cooperation between industry and the two levels of government.

In addition, the branch coordinated the review process of foreign investment proposals and recommended the provincial position to the Minister. During the past year, almost 200 cases were reviewed by the Province and forwarded to Ottawa for final allowance or disallowance by federal Cabinet. The branch also monitors overall investment levels and amendments to federal legislation and regulations to ensure the province's economic interests are respected.

BUSINESS INCENTIVES BRANCH

OBJECTIVE

The branch implements and administers financial incentive programs designed to stimulate economic growth, and coordinates various financial programs administered on behalf of the Province by the British Columbia Development Corporation.

ACTIVITIES

Administration of projects under the now-expired Travel Industry Development Subsidiary Agreement will continue until all loans are either retired or forgiven. During the duration of this federal-provincial cost-shared agreement, almost $50 million was committed to some 200 projects. It is estimated that projects funded under the Industry Upgrade, Travel Generators and Skiing Programs will have created some 10,000 new jobs and attracted close to $800 million in private capital investment by 1990.

The branch also monitors and guides the British Columbia Development Corporation's lending under the Low Interest Loan Agreement Program. Almost 700 projects, representing $68 million in low-interest loans and 7,000 jobs, have been supported. Working closely with the Development Corporation, the branch has been instrumental in removing impediments to the realization of a number of major, private-sector projects.

COMMUNITY ECONOMIC DEVELOPMENT BRANCH

OBJECTIVE

To coordinate government and private sector actions and to stimulate job creation and investment at the local and regional levels.

ACTIVITIES

In the past year, the Branch concluded the implementation of the $70 million Industrial Development Subsidiary Agreement and expanded its mandate to include new endeavours. Over the five-year life span the various projects developed as a result of IDSA assistance created over 15,000 direct jobs.

Administration of the $50 million Revolving Loan Fund for industrial infrastructure remained the Branch's major fiscal program, however, changing needs within the Province's economy saw the evolution of self-help activities and a greater emphasis being placed on government/private sector cooperation.

Over twenty municipal governments were given advice on the preparation and implementation of economic development strategies. The Branch also assisted five municipalities to promote the sale of their industrial parks. There was inter-ministry and private sector activity on matters ranging from development cost charge legislation to the establishment of harbour commissions.

In the year, a comprehensive inventory of all industrial land was completed and four strategic Crown land sites were reserved for future industry. Through work with the 27 economic development commissions in the Province, a number of promising opportunities were developed ranging from the production of specialty mushrooms, to the promotion of mariculture as an industry for the West Coast.

The Branch concluded the year by beginning two projects involving public/private sector initiatives. One, a promotional effort with Inland Natural Gas, the Province and participating local governments, is aimed at encouraging investment in the Interior; the second is a joint provincial/industry effort aimed at revitalizing motorsports in the Lower Mainland.

SMALL BUSINESS SERVICES BRANCH

OBJECTIVE

To provide the Province's small business community with assistance that will improve management skills, promote the growth of entrepreneurial talents and help foster a healthy, viable small-business sector.

ACTIVITIES

During the past year, many important small business initiatives were undertaken. The Ministry's Small Business Counsellors combined with the services offered by the 76 Business Information Centres operating throughout the Province handled close to 100,000 enquiries for advice and information. Programs such as the Management Assistance and Assistance to Associations programs continue to assist small businesses improve their management skills.

To help increase entrepreneurial awareness among students, the Division in conjunction with the Ministry of Labour successfully implemented the Student Venture Capital Program during 1984. This program made available some $750,000 in interest-free repayable loans to 411 projects which provided summer employment for over 700 students.

In addition, funding was made available for the establishment of new Enterprise Centres in the Province's universities that will promote on-campus entrepreneurial activities and provide greater interaction between the business and academic communities.

FINANCIAL EVALUATION BRANCH

OBJECTIVE

To provide financial and general analyses of applications for assistance under various small business programs and to act as the liaison between financial institutions and the small business sector.

ACTIVITIES

During the past year branch personnel continued to monitor projects funded under a number of small business programs to ensure compliance with loan agreements. As well, the branch prepares in-depth financial analyses of project proposals and acts as a liaison between lending institutions and the small business community.

Programs such as the Assistance to Small Enterprise Program (ASEP), Small Manufacturers Assistance Program (SMAP), and Small Manufacturers Development Assistance (SMDA) have over the last seven years helped companies create over 5,000 direct new jobs.

ECONOMICS AND STATISTICS DIVISION

OBJECTIVES

The Division is responsible for monitoring the state of the B.C. economy and the economies of its trading partners, and for providing information, analysis and advice on economic development issues. This includes both macro and micro economic analysis, the evaluation of major development projects, regional economic development and economic diversification. It also includes developing and making available economic, population and social statistics, as well as quantitative analysis and modelling, in support of Government decision-making.

The Division is organized into two bureaus. The Economic Development Policy Bureau operates under the Industry and Small Business Development Act, while the Central Statistics Bureau, although functionally very closely related, operates under the Statistics Act.

ACTIVITIES

ECONOMIC DEVELOPMENT POLICY BUREAU

In 1984/85 the Bureau was involved in a number of activities including the negotiations leading to the signing of the 10-year federal/provincial Economic and Regional Development Agreement (ERDA). This agreement, signed in November, 1984, replaces the federal/provincial General Development (GDA) which expired March 31, 1984. The ERDA process, and the umbrella agreement, recognizes that provincial economies differ and must receive individual attention.

In cooperation with the Ministry of Energy, Mines and Petroleum Resources and B.C. Hydro, the Bureau formulated a policy for incentive electricity pricing, and investigated the feasibility of investment in several alternative energy intensive industries in British Columbia.

Regional economic development activity included continued planning and feasibility work with respect to the Northwest region (e.g. Mt. Klappan and Kutcho Creek projects; Stewart economic development); conclusion of a number of activities related to the Northeast Coal development; and evaluation of development proposals for Ocean Falls.

The Bureau also investigated a number of forest sector development initiatives, e.g. development of a pulpmill in N.E. British Columbia, a trade/joint venture concept with Tianjin (China) and use for reconstituted wood products.

Staff also completed policy development in areas such as industrial strategy and economic renewal, sectoral strategy papers, industrial property taxation, advanced technology and manufacturing and services.

Major ongoing activities of the Economic Development Policy Bureau in 1985/86 will be as follows:

- ☐ Evaluating major economic development opportunities in the Province;
- ☐ Continued planning and policy work in the resource, secondary manufacturing, transportation and utility sectors;
- ☐ Continued intensive study of projects related to economic development in Northwest region;
- ☐ Further work towards Northeast pulpmill development;
- ☐ Coordination of planning and assessment of various regional development initiatives;
- ☐ Evaluation of opportunities for the further processing of resource products.

CENTRAL STATISTICS BUREAU

In 1984/85 the Bureau continued to develop and provide economic, social, population and manpower statistics and related analytical services. Through its Data Dissemination Section, the Bureau answered several thousand requests for information from clients in government and the private sector.

During the year, Bureau staff produced provincial and sub-provincial population projections to the year 2006 and also prepared short and long term economic forecasts as input to the 1985/86 Provincial Budget and to the longer term planning activities of Government.

The Bureau prepared and released a number of statistical summaries throughout the year, and completed and published the British Columbia Economic Accounts for the period 1964-1983. It also collaborated with the Women's Programs Branch of the Ministry of Labour in producing and publishing a statistical profile of women in British Columbia.

Quantitative models developed by the Bureau were used to evaluate the feasibility of a number of industrial development proposals and to assess the economic impact of various projects, including Expo '86 and the Coquihalla Highway.

MINISTRY OF INDUSTRY AND SMALL BUSINESS DEVELOPMENT